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# France

# HRI Food Service Sector

# Report

# 2002

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**Report Highlights:**
**The French Hotel, Restaurant and Institution (HRI) food service is a $51.4 billion market industry serving more than 7 billion meals per year outside the home. HRI is a highly competitive market offering opportunities for a variety of reasonably-priced, high quality and innovative U.S. products such as frozen prepared meals, single portion packaged foods, alcoholic beverages, ethnic foods and fish. Experts predict that this market will grow at a rate of, at least, 5 percent per year in the next few years as new lifestyles take hold in France. U.S.-style outlets, especially fast food restaurants are doing well in France.**

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Includes PSD changes: No
Includes Trade Matrix: No
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# HOTEL, RESTAURANT & INSTITUTIONAL (HRI) FOOD SERVICE SECTOR REPORT

TABLE OF CONTENTS

## I. MARKET SUMMARY

Note: The exchange rate used in this report for Calendar Year 2001
is USD 1 = 1.12 Euros.

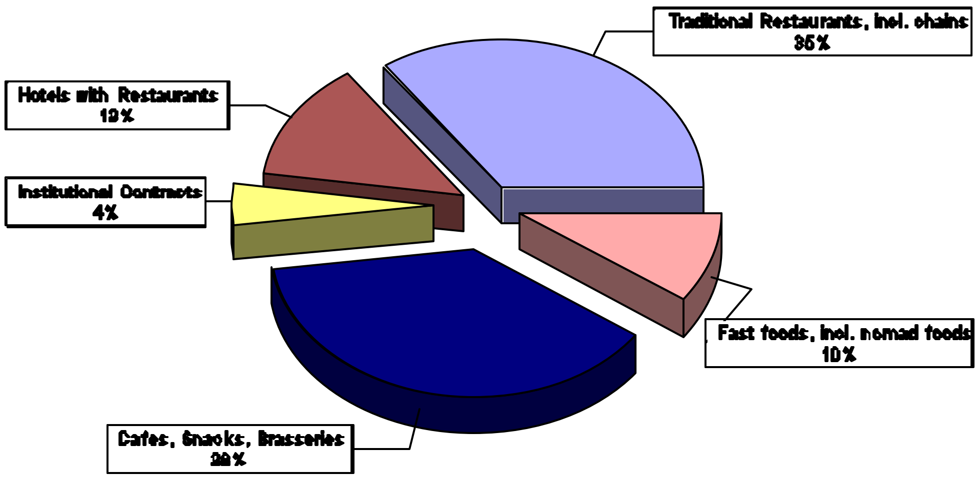
In calendar year 2001, France's Hotel, Restaurant and Institution (HRI) food sector served approximately 6.8 billion meals worth almost $51.4 billion in 175,000 restaurants (including cafes and fast food outlets).

The French HRI sector is large and sophisticated. It is a saturated and highly competitive food sector. Entry must be planned carefully; it requires innovation and, if the quality and price of food and ingredients are carefully planned well, one can attract customers. U.S. style outlets, especially fast food, represent a 14 percent market share. Potential for growth is there.

The total HRI sector can be divided into three sub-sectors:

- Hotels and resorts;
- Restaurants (including fast-food outlets, cafeterias, cafes, and brasseries);
- Institutional sector such as catering for education, healthcare, and business, including schools, hospitals and factory restaurants.

**Breakdown of the French HRI Sector**




The French HRI food sector accounts for 28% of French food industry, 21% of French employment and 12% of the economy's added value. In 2001, cafes, brasseries and cafeterias represented 38 percent of the sector with 66,500 outlets; traditional restaurants, including chain restaurants 35 percent, with 61,250 outlets; fast food outlets 10 percent, with 17,500 outlets; hotels and resorts 13 percent, with 22,750 outlets; and institutions 4 percent, with 7,000 outlets.

The hotel/restaurant/institution food sales have grown steadily since 1994. Food sales in the commercial sector (i.e., restaurants, fast food outlets, cafes, hotels and resorts) currently represent $34 billion while institutional contract sales represent $17.4 billion.

Over the next few years, HRI food sector sales are expected to annually grow by, at least, 5 percent – the fast food segment by 4percent; restaurants and restaurant chains by 7 percent; hotels and resorts by 3 percent; and institutions by 3 percent. The hospital segment's sales volume is expected to grow by 7.5 percent over the next few years, the highest growth rate in the institutional sector. It should be noted that sales volume for the commercial catering sector's self-service segment is expected to decline by as much as ten percent by 2010. The snack and fast food segments are expected to surge by 13 % as they replace traditional school and university meals.

***Key Macro-Economic Factors That Drive Demand in France's Food Service Market:***

- Aging population (where 20% are over 60 years old) boosts the institutional sector's health and senior citizens centers/facilities.
- Shrinking average household size fuels the catering services. The average French family has 1.8 children).
- Greater urbanization draw people to the cities where they more frequently eat out.
- Changing eating patterns: a growing number of people eat 5 to 6 times a day outside of the home instead of the traditional three meals a day.
- Growing workforce participation rate among women (40% of the working population) has raised the frequency of eating out or using catering services.
- Decline in the number of working hours has freed up more time for leisure and related activities.
- Increasing independence of French teenagers in the choice of their food and their interest in fast foods, including snack and ethnic foods.

***Adantages, Opportunities and Challenges Facing U.S. Products in France***

| Advantages, Opportunities | Challenges |
|---|---|
| U.S. culture's rising popularity is fueling demand for U.S. styled restaurants and fast food. | While fast food is popular, U.S. products in general cost more than local products. |
| The food service sector's growing concentration combined with greater international competition give an edge to U.S. companies that offer better service at lower prices. | Fierce competition places enormous pressure on suppliers, who must comply with many requirements such as registration fees, logistical constraints, ISO norms, and labeling regulations. |
| Increase demand for Ethnic foods in France and a boom in popularity. | The on-going debate over the safety of biotech foods, hormone in beef, and other imported food products are making consumers wary of imported food. |
| The burgeoning France's tourism industry is pushing up demand for HRI products. | Price competition is fierce and U.S. exporters to France must comply with French/European standards and regulations. |
| Presence of U.S. fast food chains, theme restaurants and the food processing industry are boosting demand for U.S. food ingredients. | Some food ingredients are either restricted or banned from the French market. |

## II. ROAD MAP FOR MARKET ENTRY

### *A. Entry strategy*

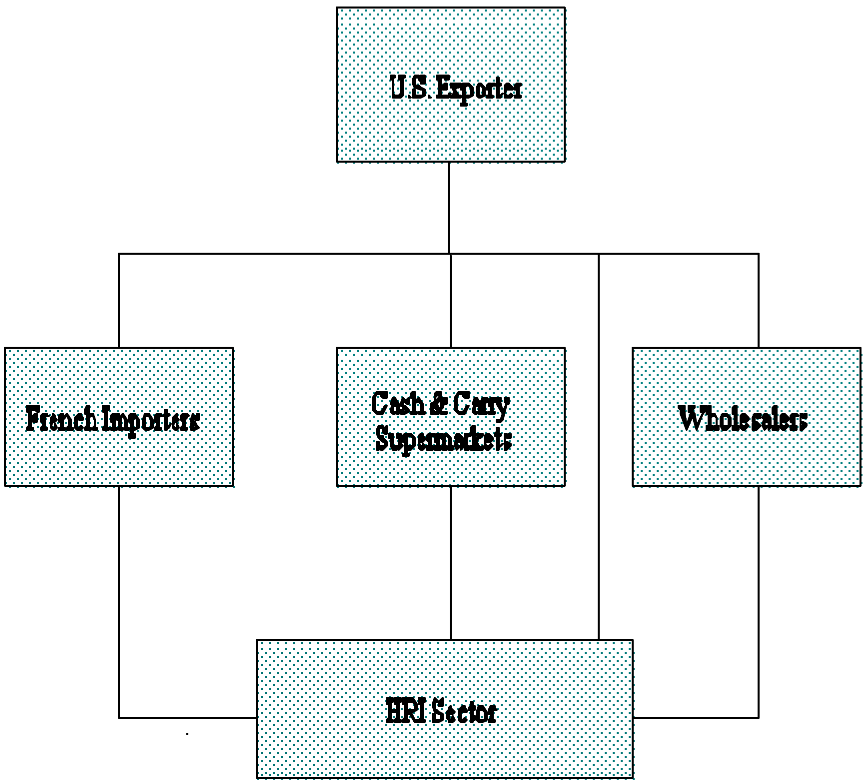
U.S. exporters wishing to enter the French market should keep in mind the following consumer trends:

- Children and teenagers prefer ethnic food such as Chinese, Tex-Mex, North African and Indian.
- Consumers, especially older men and women, are becoming increasingly health conscious.
- Consumers are demanding variety and high quality food products that are "guaranteed" to be safe.

U.S. exporters should focus on product quality, innovation, and variety. Depending on their products, they can penetrate France's HRI sector through importers/distributors, cash and carry stores and wholesalers. Small-to-medium-sized U.S. export companies should contact importers/distributors who can help them with the paper work related to duties, import and sanitary certificates, labeling, etc.

### *B. Market Structure*

**The HRI Food Sector's Distribution Chart**



The food sector's supply channels have the following characteristics:

"Cash & Carry" Supermarkets:

- Open only to businesses with competitive prices.
- Unlike independent retailers, offer a wide variety of food products.
- Since 1993, have realized sales growth rates of 11% to 20%.

Large wholesalers:

- Often solicited by the retail market and the HRI food sector.
- Offer platforms for selling all kinds of imported products.

Independent wholesalers:

- Carry more domestic products at higher cost than large wholesalers do.
- More specialized by product segments and can offer better services than large wholesalers.

- Independent wholesalers are sometime grouped along with the "Marché d'intérêt national" an association that allows members to take advantage of economies of scale by sharing facilities such as warehouses.

It is possible for key players in the HRI food sector to buy products at cost directly from producers, especially manufactured products.

### *C. Sub-Sector Profiles*

**1. Hotels and Resorts** (offering restaurant and catering services)

**Company profiles**

| **Name of Hotel / Resort** | **Food Sales in 2001 ( $ million)** | **Nationality** | **Number of Hotels** | **Purchasing Agent** |
|---|---|---|---|---|
| Accor | 859.5 | French | 1248* (Sofitel, Novotel, Ibis, Mercure) | Importers/wholesalers/direct or cash and carry |
| Envergure | 414 | French | 850* (Campanile, Climat de France) | Importers/wholesalers/direct or cash & carry |
| Choice | 90 | U.K. | 138 (Comfort, Quality, Clarion, etc.) | Importers/wholesalers/direct or cash & carry |

* some of these hotels do not have restaurants

The Accor and Envergure hotel chains are the hotel and resort sector's leaders. The Choice group has indicated it would open 130 hotels in France over the next five years.

Tourists and business people are hotels and resorts' bread and butter. Hotel restaurants have difficulty competing with fast food and other restaurants. Most hotel chains with restaurants prefer French origin to imported food products for their convenience an d perceived reliability. Ninety-five percent of Accor's food purchases are French in origin, which the chain buys through producers or intermediaries.

U.S. exporters of competitively priced quality food products should try selling directly to hotel chains.

**2. Restaurants** (including fast food, coffee shops and home/office delivery services)

After declining in the first half of the 1990s, the restaurant sector has recovered, registering 5% growth rate and total food sales of $29 billion in 2001. Of the entire restaurant sector's total food sales, those of independent restaurants account for 64%, and chain restaurants, 17%. However, changes in French eating habits and lifestyles have been accelerating the growth of independent and chain restaurants since 1994. U.S. exporters should take advantage of the opportunities these trends present.

**U.S. style fast-food company profiles**

<table>
<tr><th>Company</th><th>Sales 2001<br>($ billion)</th><th>Number of outlets, name, type...</th><th>Nationality</th><th>Purchasing agent</th></tr>
<tr><td>McDonald's France</td><td>1.6</td><td>791 (709 in 1998)</td><td>US</td><td rowspan="2">Importers/direct/wholesalers/cash & carry depending on the product and price</td></tr>
<tr><td>Quick France</td><td>0.5</td><td>293 (276 in 1998)</td><td>Belgian</td></tr>
</table>

**French-style and traditional fast-food company profile**

| Company | Sales 2001 ($ billion) | Number of outlets, name, type... | Nationality | Purchasing agent |
|---|---|---|---|---|
| Elior Group (Avenance, Eliance) | 0.55 | 644<br>- motorways, airports, stations, museums<br>- Arche, Caféroute, Maxim's, Bars du monde, Pomme de pain, Aubepain, Philéas | French | importers/wholesalers/cash & carry depending on product and price |
| Servair | 0.33 | airports, planes | | |
| Casino cafétéria | 0.30 | 229<br>- Self-service, cafeteria Casino, Coeur de blé | | importers/wholesalers/cash & carry depending on the product and price |
| Groupe Holder | 0.18 | -Boulangeries Paul, Ladurée | French | Importers/wholesalers/cash & carry depending on the product and price |

**Table service company profiles**

| Company | Sales 2001 ($ billion) | Number of outlets, name, type... | Nationality | Purchasing agent |
|---|---|---|---|---|
| Agapes | 0.40 | 212<br>-Amarines, Flunch, Pizza Pai | French | importers/wholesalers/cash & carry depending on the product and price |
| Buffalo Grill | 0.33 | 209<br>-Bistrot d'Augustin, Victoria Pub, Buffalo Grill | | |
| Groupe Flo | 0.26 | 99<br>- Bistro Romain, La coupole, Café Flo, Hippopotamus, Petit Bofinger | | |
| Accor Group | 1.3 | - Courtepaille, Formule 1, Gemeaz Cusin, Ibis, Le Notre, Novotel | | |
| Le Duff Group | 0.18 | 321<br>-La Brioche Dorée, Pizza Del Arte | | |
| Euro Disney | 0.17 | -Restaurants of Disneyland Paris | | |

Food sales in U.S.-style fast-food restaurants--led by McDonald's and followed by Quick, a distant second–are still rising. French fast-food restaurants, which offer products typically French, such as baguette sandwiches, quiches and salads, are on the rise as well. The French fast-food sector, headed by Brioche Dorée and Paul, is growing faster than sales in the non-French sector. Most U.S.-style fast-food restaurants and restaurant chains buy their food in France and Europe. For example, 95 percent of McDonald's food purchases are from Europe.

While sales in self-service segment show little change, table service restaurant sales grew by 4.4 percent in 2001. U.S. suppliers may find niche opportunities depending on the products and value they can offer in the table-service sector. Pizzeria style restaurants are the segment's most dynamic players and are expected to grow further. Traditional chain restaurants, such as Bistro Romain, Chez Clément, and Au Bureau are declining in numbers, but the number of fish restaurants (La Criée, Léon de Bruxelles) have increased in number. Theme restaurants such as El Rancho, Bodegon, and Colonial have remained stagnant, while grill restaurants (Bistrot du Boucher, la Boucherie and Courte Paille), are expanding.

### 3. Institutional food service

**Major Restaurant Company Profiles**

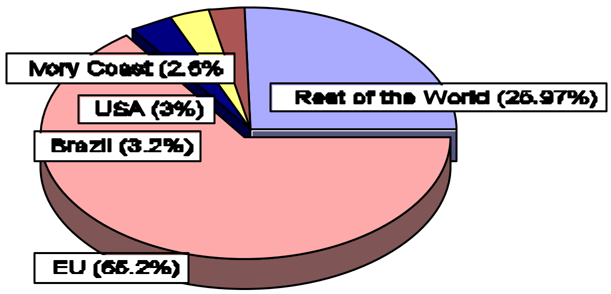
| Company | Sales in 2001 (millions of $) | Number of outlets | Location | Purchasing agent |
|---|---|---|---|---|
| Sodexho/<br>Alliance | 922<br>(22% total market share) | 14000 outlets worldwide, 2000 in France<br>In France, 3 main activities<br>business and industry 47%, education 24%<br>and hospital sector 21% | French company<br>with international subsidies | Direct contact with the producer |
| Avenance/<br>Elior Group | 862<br>(21.5% total market share) | 5624 restaurants.<br>Business and industry, education and hospital sector | French company<br>International subsidies | Wholesalers |
| Compass | 823 (Eurest)<br>(18% total market share) | From 1999, operations under different names:<br>Eurest for business and industry, Scolarest for education, Medirest for hospitals. | British company<br>International subsidies | Wholesalers |
| Sogeres | 225<br>(5% total market share) | 1459 outlets.<br>Business and industry: 48%<br>Education: 34%<br>Hospital : 12%<br>Special events:6% | France | |

The institutional sector is divided into three parts: (1) business and industry with 59% of the sector based on value, (2) education, 26%, and (3) hospitals, 15%. Experts peg the sector's total sales at $17.4 billion, of which 30% are attributable to catering services (*Sociétés de restauration collectives*), while the remaining 70% comes from firms that prepare their own food. The 30% reflects the sector's increasing concentration and the dominance of four companies that account for 67% of the sector's total food sales.

Compass group (U.K.) and Sodexho Alliance work worldwide while Avenance only works in Europe. Compass and Elior groups cover airports, museums and motorways. Sodexho is the world leader in the sector of catering and services (cleaning and guarding) with international sales representing 88 percent of Sodexho's turnover. Avenance (Elior Group) is the leading institutional contract company in France.

## III. COMPETITION

***Origin of French food imports***



France's highly developed food sector makes it the EU's leading producer, processor and exporter of agricultural and other food products. Sixty-five percent of France's food imports come from the Netherlands, Belgium/Luxembourg, Germany, Spain, the United Kingdom and Italy, while only 3% comes from the United States. U.S. exports include fish and seafood, grapefruit, beverages (including wines and spirits), dried fruits and nuts, frozen foods and specialty products, snack foods, tree nuts, ethnic products, breakfast cereals and tropical fruits.

U.S. exporters can expand their market share by adapting competitively-priced products for the HRI food service sector.

## IV. Best Product Prospects

Frozen foods used in the HRI food sector represent 20 percent of total food products utilized by this industry. These products need to be easy to use and unpack. Best opportunities for U.S. frozen foods in the HRI sector are for fish, vegetables, frozen deserts (such as cakes and ice creams), ready-to-eat meals and specialties. In that sector the demand is strong also for salad dressings and tomato sauces.

Other opportunities for U.S. exporters are for the following products: Salad dressings, fruit juices and soft drinks (including flavored spring waters), dried fruits and nuts, fresh fruits (including grapefruits and exotic fruits), vegetables, frozen foods (ready-to-eat meals and specialty products), snack foods, tree nuts, ethnic products, seafood (especially salmon and surimi), soups, breakfast cereals, meat and rice.

### *1 Products present in the market which have good sales potential*

*1. Non alcoholic beverages:* Consumption of non-alcoholic drinks rose 1.8 percent in 2001 in volume, compared to 2000. In this segment, there is potential for fruit and vegetable juices especially orange and grapefruit juices.

*2. Seafood:* France is a major importer of seafood. About 40 percent of all seafood imports come from the EU, mainly the United Kingdom, Denmark, Holland and Spain. The rest are largely from Norway, Thailand, Iceland, Senegal and the United States. Among fish and seafood products, fish fillets and ready-to-eat seafood products sell the best. Salmon, cod and shrimp are the bestsellers. Demand is growing for lobster, scallops and fresh packed fish (for nets), and canned salmon. U.S. seafood and fish products (mostly salmon and cod) with convenient packaging and innovative format have the best potential towards French restaurants.

*3. Sheep:* France imports live sheep and sheep products. France's major suppliers are The Netherlands and Spain. Sheep products are mainly imported from the United Kingdom, Ireland and to a lesser extent from New Zealand. There might be a potential for U.S. sheep products.

### B. Products not present in significant quantities but which have good sales potential

Because they are convenient all kinds of ready-prepared and single-portion packaged foods are in demand by the HRI buyers.

*1. Alcoholic beverages:*

Although wine consumption has dropped during the last decade, French consumers still drink wine when they go out. Their growing interest in "exotic" quality wines has opened doors to U.S. wines.

The beer market accounts for about 16% of total alcoholic/non-alcoholic beverage sales and 2% of total food and beverage sales. U.S. producers will find significant opportunities with new and innovative products, especially those that complement Tex-Mex foods.

*2. Exotic meats:* French regulations prohibit unauthorized imports of exotic meats. Ostrich and bison meats can be imported provided that the slaughterhouse is EU-certified and the animals are raised without hormones. The French Veterinary Service is considering similar regulations for alligator meat. Because France is not a producer of exotic meats, it is an open market for approved imports of these products.

### C. Products not present in significant quantities but which face significant barriers

*1. Poultry and Egg Products:* It is estimated that sales of poultry to the HRI food service is just under $1 billion. Between 1996 and 1998, the poultry market expanded dramatically after the BSE crisis raised concerns regarding the safety of beef. However, the 1999 poultry and dioxin scare and crisis turned this upward trend on its head, sending poultry and egg consumption down sharply . Only last year did French poultry sales recovered.

A 1962 French decree bans imports of poultry and egg products from countries like the United States that allow the use of arsenic, antimony, and estrogen in poultry feed compounds. U.S. poultry and egg products no longer enters the EU due to the chlorination issue.

*2. Fruit and vegetables:* This dynamic sector offers good opportunities for U.S. exporters of reasonably priced products. While the EU supplies many of France’s fruit and vegetable imports, growing demand for exotic fruit and vegetable products could be a boon to U.S. exporters.

*3. Dairy products:* This sector is stabilizing. Yogurt and fermented milk products are becoming more popular among increasingly health-conscious consumers. Although U.S. exporters face high customs tariffs, niches exist for producers of prepared ingredients such as sauces and grated cheese and of individually packaged desserts.

4. *Beef and Veal:* France is an important market for beef and veal. In 2001, beef and veal imports amounted to 274,000 tons. Currently the trade situation prevents U.S. exports of some beef.

## V. LIST OF MAJOR COMPANIES IN THE HRI FOOD SECTOR

| Company | Adresses | Phone/Fax numbers |
|---|---|---|
| Quick France<br>(fast food) | Les Mercuriales<br>40, rue Jean Jaurès<br>93170 BAGNOLET | 01 49 72 13 00<br>01 43 63 59 13 |
| Accor<br>(hotels & resorts) | 2, rue de la Mare Neuve<br>91080 COURCOURONNES | 01 69 36 79 00<br>01 69 36 80 80 |
| Casino France<br>(cafeteria/catering) | 2, rue de la Montat<br>42000 ST ETIENNE | 04 77 45 31 31<br>04 77 45 38 38 |
| Groupe Flo<br>(table service) | 15, avenue Charles de Gaulle<br>92200 NEUILLY SUR SEINE | 01 41 92 30 00<br>01 47 92 09 54 |
| Servair<br>(fast food) | 4, place de Londres<br>95700 ROISSY EN FRANCE | 01 48 64 89 50<br>01 48 64 87 00 |
| Agapes Restauration<br>(table service) | Immeuble Péricentre<br>Rue Van Gogh<br>59650 VILLENEUVE D'ASCQ | 03 20 43 59 59<br>03 20 43 59 00 |
| Envergure<br>(hotels & resorts) | 31 avenue Jean Moulin<br>77200 TORCY MARNE LA VALLEE | 01 64 62 46 00<br>01 64 62 81 91 |
| Choice Hotels France<br>(hotels & resorts) | 4 chemin Champeveils - BP 66<br>91220 BRETIGNY SUR ORGE | 01 69 80 19 19<br>01 69 91 27 38 |
| Mac Donald's<br>(fast food) | 1, rue Gustave Eiffel<br>78045 Guyancourt | 01 30 48 60 00<br>01 30 48 64 38 |
| Sodexho Alliance<br>(institutional food service) | Parc d'Activités du Pas du Lac,<br>3, avenue Newton<br>78180 Montigny-le-Bretonneux | 01 30 85 75 00<br>01 30 43 09 58 |

| | | |
|---|---|---|
| Compass Group PLC<br>(institutional food service) | Compass Group France:<br>94, rue de Paris<br>92100 Boulogne Billancourt<br><br>MEDIREST<br><br>EUREST:<br>189/193, Bld Malesherbes<br>75838 Paris Cedex 17<br><br>SCOLAREST:<br>40, rue de Dunkerque<br>13196 Marseile Cedex 20 | 01 55 27 53 00<br>01 55 27 23 99<br><br><br>01 42 12 56 56<br><br>01 42 12 54 00<br><br><br><br>04 96 17 18 19<br>04 96 17 18 18 |
| Avenance<br>(institutional food service) | 61 rue de Bercy<br>75012 Paris | 01 40 19 50 00<br>01 43 41 42 36 |
| Sogeres<br>(institutional food service) | 42, rue Bellevue<br>BP 96<br>92105 Boulogne Billancourt Cedex | 01 46 99 33 33<br>01 46 05 55 59 |
| Buffalo Grill<br>(table service) | RN 20<br>91630 Avrainville | 01 60 82 54 00<br>01 64 91 38 01 |
| Eliance<br>(fast food) | 43, rue du Colonel Pierre Avia<br>75508 Paris Cedex 15 | 01 41 90 29 10 |
| Groupe Le Duff<br>(table service) | 105, ave. Henri Freville<br>35200 Rennes | 02 99 22 23 24<br>02 99 22 23 20 |

## VI. POST CONTACT AND FURTHER INFORMATION

This HRI food service sector report has been prepared by the following French consultant:

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If you need assistance in exporting your products to France, please contact the Office of Agricultural Affairs in Paris at the following address:

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Tel: (33-1) 43 12 2264
Fax: (33-1) 43 12 2662
Email: agparis@fas.usda.gov
Internet: http://www.amb-usa.fr/fas/fas.htm

For more information on exporting U.S. food products to France, visit our homepage. The Office of Agricultural Affairs homepage includes information on the Retail Food and Food Processing Sectors, U.S. Exporters Guide information, Food Agricultural Import Regulations and Standards, product briefs on the market potential for U.S. products, and upcoming promotional trade shows and fairs in France.

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: http://www.fas.usda.gov